

THE WHITE HOUSE
WASHINGTON

November 14, 2000

The Speaker of the

House of Representatives

Sir:

I ask the Congress to consider expeditiously the enclosed requests for emergency FY 2001 supplemental appropriations. These requests will advance United States interests in the Middle East by providing assistance to the Governments in Israel, Egypt, and Jordan.

I request \$750 million in total grant assistance to the Middle East. For Israel, I request \$450 million, which will be used to offer support for Israel's withdrawal from Lebanon and strengthen Israel's long-term strategic missile defenses. For Egypt, I request \$225 million in military assistance to support measures to enhance its defense capabilities. For Jordan, I request \$25 million in military assistance and \$50 million in economic assistance to help the Government of Jordan protect its borders and promote economic progress. I urge the Congress to consider and enact these proposals quickly.

I hereby designate the following requests as emergency requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

International Assistance Programs

- International Security Assistance, Northern Israel Security Fund: \$250,000,000
- International Security Assistance, Foreign Military Financing Program:
\$450,000,000
- International Security Assistance, Economic Support Fund: \$50,000,000

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, reading "William J. Clinton". The signature is written in a cursive style with a large, stylized "W" and "C".

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 14, 2000

The President

The White House

Submitted for your consideration are requests for FY 2001 emergency supplemental appropriations for International Assistance Programs. A total of \$750 million in new budget authority is requested to address emergency needs in the Middle East. These proposals follow considerable review by your senior advisers on the best means by which the United States can advance our interests in the Middle East.

As described below, the following emergency supplemental appropriations are requested to address U.S. interests in the region:

- \$450 million for Israel, of which \$250 million is for the Northern Israel Security Fund and \$200 million is for grant Foreign Military Financing.

To protect its northern border from attack, Israel had occupied parts of southern Lebanon since 1982. In June, the Government of Israel withdrew from Lebanon in full accordance with the United Nations Security Council Resolution 425. The Government of Israel has estimated its costs of withdrawal at about \$950 million, including amounts necessary to destroy former military positions inside Lebanon and to remove land mines and construct new fortified, defense positions in northern Israel. Israel requires special, one-time assistance to defray these costs.

Your senior advisers recommend \$250 million in a special budget account, the Northern Israel Security Fund, which would be available for immediate disbursement as a cash grant to the Government of Israel.

To protect Israel more effectively from strategic threats from unfriendly regimes in the region, your senior advisers also recommend \$200 million in Foreign Military Financing (FMF) for Israel. These funds could be used to help fund theater missile defense weapons systems. The use of these funds would be determined through discussion with the Government of Israel. The amount available for procurement in Israel of defense articles and services (off-shore procurement) would be \$52.6 million, the same percentage (26.3 percent) that is available to Israel through its normal FMF program.

- \$225 million for the Government of Egypt in the grant Foreign Military Financing program.

Your senior advisers recognize the important role of all parties interested in peace. The Government of Egypt, under the leadership of President Mubarak, has played a critical role in promoting peace at the Sharm el Sheikh summit and elsewhere. Given the increased levels of violence and tension in the region, your senior advisers recommend increased amounts of Foreign Military Financing that would enhance Egypt's port and naval security through the provision of equipment and assistance to support an integrated coastal water defense system.

- \$50 million for the Government of Jordan in Economic Support Fund (ESF) assistance and \$25 million in the grant Foreign Military Financing (FMF) program.

As with the Government of Egypt, your senior advisers recommend assistance to the Government of Jordan, which under the leadership of King Abdullah has also played a critical role in promoting peace. The ESF assistance would be a cash grant to the Government to meet Jordan's most pressing needs. Jordan is facing major economic problems due to a shortfall in revenue from tourism and the increased cost of oil. This assistance will help promote employment and prosperity.

The \$25 million in FMF assistance will be used to promote Jordan's border security and advance its five-year modernization plan. The funds would be used to upgrade armored personnel carriers as well as air defense radar and other weapons systems.

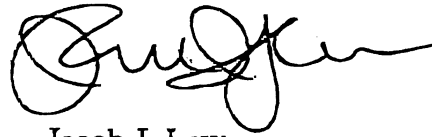
I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected agencies in recommending that you transmit the proposals to the Congress.

We believe that this proposal can be funded within the new statutory caps established in P.L. 106-429, the FY 2001 Foreign Operations Act. However, I believe this request is an emergency under the terms of the Budget Enforcement Act, and I therefore recommend that you designate the amounts requested as emergency funding requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

In addition to this FY 2001 supplemental package, your senior advisers believe that there should be a follow-on FY 2002 funding component for Israel, Egypt, Jordan, and the Palestinians. For Israel, they recommend \$350 million, while for Egypt, Jordan, and the Palestinians, they recommend a total of \$150 million. Your senior advisers recommend consideration of additional funding for the Palestinian people next year in the event that the

current violence has abated, because they believe that the Palestinian people must share tangible benefits from the peace process in the form of additional employment and economic opportunities. Your senior advisers, however, do not recommend asking for congressional action on FY 2002 recommendations in this session of Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Lew', with a stylized, flowing script.

Jacob J. Lew
Director

Enclosures

FY 2001 Supplemental Request

INTERNATIONAL ASSISTANCE PROGRAMS

INTERNATIONAL SECURITY ASSISTANCE

Northern Israel Security Fund

For necessary expenses to address the withdrawal of forces from Lebanon, \$250,000,000 for Israel: *Provided*, That such funds may be made available under any of the provisions of Part II of the Foreign Assistance Act of 1961, as amended, including chapter 4 thereof: *Provided further*, That such funds shall be available for Israel on a grant basis as a cash transfer and shall be disbursed within 30 days of the enactment of this Act: *Provided further*, That such funds be available notwithstanding section 10 of Public Law 91-672 and section 15 of the State Department Basic Authorities Act of 1956: *Provided further*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This supplemental request for \$250 million would provide Israel with assistance for the costs of withdrawing its forces from Lebanon in June 2000, in full accordance with United Nations Security Council Resolution 425, as confirmed by the U.N. Secretary-General on June 16, 2000. Special assistance to help Israel with defense expenditures related to its withdrawal from Lebanon will mitigate the risks Israel has taken for peace in the context of its northern borders and will help maintain security on the Israel-Lebanon border.

To implement its decision to withdraw from Southern Lebanon, the Israeli Ministry of Defense relocated a number of military positions and facilities from inside Lebanon to northern Israel. In the process, Israel destroyed former military positions inside Lebanon, removed land mines, and is constructing several new, fortified defense positions in northern Israel and installing an electronic security fence along the Israel-Lebanon border. The Government of Israel states the construction, logistical, and other technical costs related to the withdrawal will cost about \$950 million. To help defray these costs, Israel requires special, one-time assistance of \$250 million.

The rapid nature of Israel's withdrawal required the Government of Israel to divert resources for these immediate defense requirements, which precludes the possibility of funding some of these expenses through normal U.S. Foreign Military Financing. For that reason, the Administration requests consideration of this request in a new budget account, which will use the authorities provided under the provisions of Part II of the Foreign Assistance Act of 1961, as amended.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 2001 Supplemental Request

MILITARY ASSISTANCE

FOREIGN MILITARY FINANCING PROGRAM

For an additional amount for "Foreign Military Financing Program" to enable the President to carry out section 23 of the Arms Export Control Act, as amended, \$450,000,000, to remain available until September 30, 2003, of which \$200,000,000 shall be for grants only for Israel, \$225,000,000 shall be for grants only for Egypt and \$25,000,000 shall be for grants only for Jordan: *Provided*, That the funds appropriated herein for Israel shall be disbursed within 30 days of the enactment of this Act: *Provided further*, That funds appropriated herein shall be available notwithstanding section 10 of Public Law 91-672 and section 15 of the State Department Basic Authorities Act of 1956: *Provided further*, That funds appropriated herein shall be nonrepayable notwithstanding any requirement in section 23 of the Arms Export Control Act, as amended: *Provided further*, That to the extent that the Government of Israel requests that funds be used for such purposes, grants made available for Israel herein shall, as agreed by Israel and the United States, be available for advanced weapons systems, of which not to exceed \$52,600,000 shall be for the procurement in Israel of defense articles and defense services, including research and development: *Provided further*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This supplemental request for \$450 million for the Foreign Military Financing (FMF) grant program would provide \$200 million for the Government of Israel to address long-range strategic threats that Israel faces from unfriendly countries in the region. This financing could be used for such items as theater missile defense and could be available for a number of weapons systems, such as the Arrow II anti-tactical missile system, boost phase launch intercept, radar aircraft and other items. The amount available for procurement in Israel of defense articles and services (off-shore procurement) for the FMF program will be the same as in the current FMF FY 2001 appropriation at 26.3 percent, or \$52.6 million.

For the Government of Egypt, the supplemental request of \$225 million would enhance port and naval security through the provision of equipment and assistance to support an integrated coastal water defense system. For the Government of Jordan, the supplemental request of \$25 million would be used to promote Jordan's border security and advance Jordan's five-year procurement plant for modernization. It would be used to fund the upgrade of various weapons systems, such as armored personnel carriers, air defense radar, and other weapons systems. These amounts are necessary to demonstrate American support for those countries in the region that have signed peace treaties with Israel and whose support is critical to preserve the peace process.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FY 2001 Supplemental Request

INTERNATIONAL ASSISTANCE PROGRAMS

INTERNATIONAL SECURITY ASSISTANCE

Economic Support Fund

For an additional amount for "Economic Support Fund" for assistance for Jordan, \$50,000,000, to remain available until September 30, 2003: *Provided*, That funds appropriated herein shall be available notwithstanding section 10 of Public Law 91-672 and section 15 of the State Department Basic Authorities Act of 1956: *Provided further*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

The supplemental request for \$50 million for the Economic Support Fund (ESF) would provide immediate assistance for Jordan's most pressing economic needs. Jordan is facing economic problems due to a shortfall in revenue from tourism and the increased cost of oil. The \$50 million would be provided as a cash grant to the Government of Jordan. In each of the last two fiscal years, the United States has provided cash grants as part of its ESF program in Jordan.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.